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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

Outgoing

C0150025

4093

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June 27, 2012

Tony Welch, Resident Agent
5550 W. Bear Canyon Road
Huntington, UT 84528

Subject: 2011 Annual Report Review Completion, Bear Canyon Mine, C/015/0025, Task ID # 4093

Dear Mr. Welch:

The Division staff has completed the review of the 2011 Annual Report. Enclosed is a copy of the review with each reviewer's comments completed on June 27, 2012.

In the future, please provide a mine map that shows a minimum five year projection that includes dates of when each area is projected to be mined.

Thank you for your diligence in completing the Annual Report. If you have any questions, please call me at (801) 538-5325.

Sincerely,

Daron R. Haddock
Coal Program Manager

DRH/sqs
Enclosure

cc: Price Field Office
O:\015025.BCN\WG4093\ReviewCompletionLetter.doc



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Annual Report

This Annual Report shows information the Division has for your mine. Submit the completed document and any additional information identified in the Appendices to the Division by **March 30, 2012**. During a complete inspection an inspector will check and verify the information.

GENERAL INFORMATION

Company Name	<input type="text" value="Rhino Energy"/>	Mine Name	<input type="text" value="Bear Canyon Mine"/>
Permit Number	<input type="text" value="C/015/0025"/>	Permit expiration Date	<input type="text" value="2015-11-02"/>
Operator Name	<input type="text" value="CASTLE VALLEY MINING LLC"/>	Phone Number	<input type="text" value="+1 (435) 687-5454"/>
Mailing Address	<input type="text" value="P O BOX 475"/>	Email	<input type="text" value="jjorgensen@rhinolp.com"/>
City	<input type="text" value="HUNTINGTON"/>		
State	<input type="text" value="UTAH"/>	Zip Code	<input type="text" value="84528"/>

DOGM File Location or Annual Report Location

Excess Spoil Piles

- ☐ Required
☒ Not Required

Refuse Piles

- ☐ Required
☒ Not Required

Impoundments

- ☒ Required
☐ Not Required

Other:

OPERATOR COMMENTS

IMPOUNDMENT CONSIST OF PONDS A, B, C, D. IPOUNDMENTS CERTIFIED 8/17/2011. SEE ANNUAL REPORT ATTACHMENT WITH THIS E MAIL. PAGES 1-4

REVIEWER COMMENTS



Met Requirements



Did Not meet Requirements

Reviewed by James Owen. Certified inspection reports were provided for ponds A, B, C and D. Certification was completed by J. Thomas Paulso, PE.

COMMITMENTS AND CONDITIONS

The Permittee is responsible for ensuring annual technical commitments in the Mining and Reclamation Plan and conditions accepted with the permit are completed throughout the year. The Division has identified these commitments below and has provided space for you to report what you have done during the past year for each commitment. If additional written response is required, it should be filed as an attachment to this report.

Title: SUBSIDENCE MONITORING

Objective: Determine subsidence effects from mining

Frequency: Annually

Status: On going

Reports: Submit surveyed monitoring data to the Division annually. **Please include a map showing the location of the subsidence points in relationship to the underground workings.**

Citation: MRP Chapter 5, Appendix 5C, pg 5c-8

Operator Comments

THE CERTIFIED MINE MAP WILL BE COMING THROUGH GROUND MAIL WITH SUBSIDENCE POINTS LOCATIONS. A PDF COPY WILL BE ATTACHED AS PAGE 5. ALSO ATTACHED WILL BE THE MONITORING DATA AS PAGE 6.

Reviewer Comments ☒ Met Requirements ☐ Did Not Meet Requirements

Reviewed by James Owen. A map showing the location of the subsidence points in relationship to the underground workings was provided with the annual report. Also, an excel file detailing easting, northing, elevations, and descriptions of annual subsidence points was included.

Title: WILDLIFE AWARENESS PROGRAM

Objective: To inform employees of the wildlife and the need for protection in the mine facilities and access road areas.

Frequency: As needed.

Status: Ongoing.

Reports: Summary in Annual Report

Citation: Chapter three, page 3-45, paragraph 2.

Operator Comments

DURING OUR QUARTERLY SAFETY TRAINING WE INCLUDE A WILDLIFE PROTECTION SEGMENT. THIS INCLUDES DISCUSSION OF OUR MINING FACILITY AND ACCESS ROADS, AND HOW WE CAN PROTECT THE WILDLIFE AROUND US AND WORK SAFELY TO.

Reviewer Comments ☒ Met Requirements

☐ Did Not Meet Requirements

Title: IDENTIFICATION OF NEW CULTURAL RESOURCES.

Objective: If during the course of mining operations, previously unidentified cultural resources are discovered, Permittee shall ensure that the site(s) is not disturbed and shall notify the Division of Oil, Gas, and Mining. The Division, after coordination with OSM, shall inform the Permittee of necessary actions required.

Frequency: The Permittee shall implement the mitigation measures required by the Division within the time specified by the Division.

Status: Ongoing.

Reports: Annual

Citation: MRP, Chapter 4, Section 411.144, page 4-15

Operator Comments

WE HAVE NOT DICOVERED ANY NEW CULTURAL RESOURCES ON THE MINING FACILITY. IF FOUND THE SITE WILL NOT BE DISTURBED AND CASTLE VALLEY MINING WILL INFORM THE DIVISION OF OIL, GAS, AND MINING.

Reviewer Comments ☒ Met Requirements

☐ Did Not Meet Requirements

Title: RAPTOR SURVEYS

Objective: Verify presence of nesting birds, and status of nests. Raptor surveys will be conducted every year during the mine life. Include follow-up surveys if conducted.

Frequency: annually for the life of the mine.

Status: Ongoing

Reports: Annual

Citation: Chapter three, page 3-70, paragraph 2.

Operator Comments

ATTACHED AS A SEPERATE ATTACHMENT MARKED ANNUAL REPORT CONFIDENTIAL INFORMATION. IS THE RAPTOR SURVEY THAT WAS COMPLETED BY CASTLE VALLEY MINING WITH EIS.

Reviewer Comments ☒ Met Requirements ☐ Did Not Meet Requirements

Reviewed by Ingrid Campbell 6/26/12: The 2011 raptor survey was conducted by EIS on May 10, 2011. One active and two tended golden eagle nests were identified. Tended nest 11-675 is located directly over a previously mined longwall panel. The panel was mined in 2010, and should not undergo further significant subsidence. Therefore, the nest should not be impacted. Tended nest 913 is not located above any projected or current mine workings or near surface facilities. Active nest 903 is not located above any current or projected mine workings or near surface facilities.



FUTURE COMMITMENTS AND CONDITIONS

The following commitments are not required for the current annual report year, but will be required by the permittee in the future as indicated by the "status" field. These commitments are included for information only, and do not currently require action. If you feel that the commitment is no longer relevant or needs to be revised, please contact the Division.

Title: VEGETATION MONITORING PROCEDURES Objective: Qualitative observations of revegetated areas will be made yearly throughout the ten year liability period. (See R645-301-250). Frequency: Quantitative measurements of reclamation will be collected during years 2,3,5,9, and 10 of the same bond liability period. Any areas not achieving success will be evaluated and revegetated as needed. Status: Begin at reclamation Reports: Annually after reclamation Citation: Chapter three, page 3-41, paragraph 1
Title: SEALING OF WELLS Objective: Permanent closure of wells using measures required by DOGM to prevent access and contamination of groundwater. Frequency: Once, as wells are no longer needed. Status: Wells are in use until no longer needed. Reports: Report status when mining is terminated or wells no longer needed. Citation: MRP, Chapter 6, page 6-10.
Title: DETAILED REVEGETATION PLAN Objective: The Operator will submit a detailed revegetation plan in the last Five year permit renewal prior to reclamation. The plan will include detailed map(s) of sufficient scale to show exact areas and methods of revegetation (i.e. drill seeding, terraces, netting, etc.) based on the best technology available and final mine site conditions. Frequency: Once during last five year permit renewal prior to reclamation. the operator will notify the Division two weeks prior to all seeding work (interim or permanent) to allow the Division to be on site when work is done. Status: During last permit renewal prior to reclamation. Reports: NA Citation: Chapter 3, page 3-46, paragraph 2.
Title: ANALYSIS FOR RE-INITIATION OF SAMPLING SITES Objective: Notify DOGM of any reactivation of water sampling stations if mining is to occur in the following areas: Leases U-46481; U-024316; T16N R8E Secs 7,17,18,19,20; Mine #4; Mohrland area, or portal opening accessing Leases U61048 or U-61049. Frequency: Sampling to initiate at least 6 months prior to mining these areas. Status: Ongoing Reports: Notify Division in Annual report in mining is to occur. Citation: Chapter 7, p 7-49.

OPERATOR COMMENTS (OPTIONAL)

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REVIEWER COMMENTS

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REPORTING OF OTHER TECHNICAL DATA

Please list other technical data or information that was not included in the form above, but is required under the approved plan, which must be periodically submitted to the Division.

Please list attachments:

Reviewer Comments

MAPS

Copies of mine maps, current and up-to-date through at least December 31, 2011, are to be provided to the Division as an attachment to this report in accordance with the requirements of R645-301-525.240. The map copies shall be made in accordance with 30 CFR 75.1200 as required by MSHA. Mine maps are not considered confidential.

Map Name	Map Number	Included		Confidential	
		Yes	No	Yes	No
Annual subsidence map		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Mine Map		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Reviewer Comments ☒ Met Requirements ☐ Did Not Meet Requirements

Reviewed by Ingrid Campbell 6/27/2012: Rhino Energy submitted a Ventilation Map showing the pillared areas, mine workings and projected mining. However, the projected mining areas do not include dates of when the panels are projected to be mined. The Division requires that a map showing at least five years of projected mining be provided annually. Also included in the report was an annual subsidence map showing the locations of the subsidence control points, mine workings and projected mining.